

TESTIMONY OF

THE CONNECTICUT COALITION OF PROPERTY OWNERS
THE CONNECTICUT MESSENGER COURIER ASSOCIATION
THE CONNECTICUT RECREATION AND PARKS ASSOCIATION
THE GREATER DANBURY CHAMBER OF COMMERCE
THE LUMBER DEALERS ASSOCIATION OF CONNECTICUT
THE MILFORD CHAMBER OF COMMERCE
THE NORTHWEST CONNECTICUT CHAMBER OF COMMERCE

BEFORE THE LEGISLATURE'S LABOR & PUBLIC EMPLOYEES COMMITTEE
4:00 PM, THURSDAY, MARCH 10, 2011
ROOM 1B, LEGISLATIVE OFFICE BUILDING
HARTFORD, CONNECTICUT

Re: SB 990 An Act Concerning The Prevailing Rate of Wages.

Good afternoon. My name is Marshall Collins. I am the Counsel for Government Relations for each of the seven organizations listed above. The "organizations" collectively represent approximately 3,500 employers. Those employers employ approximately 100,000 men and women in Connecticut.

SB 990 is long overdue. It would raise the prevailing wage project threshold from \$100,000/\$400,000 for renovation and new construction projects respectively to \$400,000/\$800,000. Despite significant inflation the prevailing wage project thresholds have not been increased for nearly 20 years!

Connecticut Legislatures have seen fit regularly to increase the Minimum Wage in Connecticut. Nearly every two years the Minimum Wage has been increased. But, consider the history of the prevailing wage project thresholds.

- In 1979 - \$10,000/\$50,000.
- In 1983 - \$50,000/\$200,000.
- In 1991 - \$100,000/\$400,000.

Comparable inflationary adjustments must be applied to prevailing wage thresholds.

Increasing the prevailing wage project thresholds will create jobs; allow numerous public works projects to go forward, and ease the tax pressure on the state and municipalities by allowing extremely limited public funds to go further. It is an idea whose time has come.

As citizens, employers, taxpayers and service providers, the organizations have several objectives:

- 1) They want the highest quality of work to be done on public works projects.
- 2) They want as many public works projects as possible to be undertaken.
- 3) They want to create as many jobs as possible.
- 4) They want companies of all sizes to fairly compete for those projects.

Consider the following.

The existing thresholds have little correlation to increasing the quality of work performed on projects.

Fact: In recent years in the Town of Salem, a construction firm was awarded the contract to perform the site work on the prevailing wage construction of a DOT salt shed at the end of Rt. 11. The firm transported its bulldozer and its full-time bulldozer operator from one side of town to the other to do the work. Because it was a prevailing wage project, the operator received almost a 20% increase in his hourly wage. There was no additional professionalism or quality of work. It was the same operator and the same equipment. The only thing that changed was that the taxpayers paid more money. This is not an isolated incident.

The existing thresholds significantly increase the cost of public works projects.

Fact: Several years ago, testimony from the Associated Builders & Contractors at a hearing before this committee on prevailing wage reform indicated that as a rule of thumb firms increased their bids by approximately 15% on prevailing wage projects to recover the higher labor and administrative costs. On labor intensive projects that number increases, whereas on material intensive projects that number is reduced. Today, several members of the organizations have told me that they automatically increase their bids on prevailing wage projects an average of 15% to cover materially higher labor costs.

Compliance with prevailing wage reporting requirements is complicated and expensive. Smaller companies are put at a major competitive disadvantage.

Smaller companies are at a significant disadvantage. Unless a company can dedicate personnel for this reporting process, they incur additional personnel costs. Several smaller contracting firms have told me that they do not bid on prevailing wage projects because the reporting requirements are so onerous that they cannot afford the additional administrative costs. Fewer bidders on project increases the cost of projects even more.

The existing thresholds cause cities and town to reduce the size of projects to get below the limits wherever possible to save money.

It is a given that the state and municipalities are struggling. Many projects don't go forward because of cost. The outdated thresholds stop projects. If more projects were undertaken, more jobs would be created and more payroll tax revenue would be generated. It would be a win win for workers, taxpayers and the public.

The organizations believe it is time to encourage rather than discourage cost effective public works projects. Let's create jobs. Let's make taxpayer dollars go further. Let's level the playing field for small business. We can do all of this without sacrificing quality or safety. Connecticut limits should be higher simply because we are such a high cost of living and high cost of doing business state. It is time to increase the thresholds and to index them so that we don't have to have this same debate year after year. We can do better.

This completes my testimony. Thank you for your consideration.